

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2014-346-WS**

IN RE:

Application of Daufuskie Island Utility  
Company, Inc. for Approval of an  
Adjustment for Water and Sewer Rates,  
Terms and Conditions

)  
)  
) **SECOND INTERROGATORIES OF**  
) **INTERVENORS HAIG POINT CLUB AND**  
) **COMMUNITY ASSOCIATION, MELROSE**  
) **PROPERTY OWNER’S ASSOCIATION**  
) **AND BLOODY POINT PROPERTY**  
) **OWNER’S ASSOCIATION**  
)

TO: G. Trenholm Walker, Esquire, and Thomas P. Gressette, Esquire, Attorneys for  
Daufuskie Island Utility Company, Inc.:

Haig Point Club and Community Association, Inc. (“HPCCA”), Melrose Property  
Owner’s Association, Inc. (“MPOA”), and Bloody Point Property Owner’s Association  
 (“BPPOA”) hereby requires Daufuskie Island Utility Company, Inc. (“DIUC” or the  
 “Applicant”), as soon as possible, but no later than twenty (20) days after service hereof, to  
 answer the Second Interrogatories in accordance with Public Service Commission of South  
 Carolina (“Commission”) Rule 103-833 (10 S.C. Code Ann. Regs. 103-833). In these  
 Interrogatories, the term "party" is used to designate the Applicant. These Interrogatories shall be  
 deemed to continue until the time of the hearing of the case.

**IT IS HEREIN REQUESTED:**

- A. That all information shall be provided to the undersigned in the format as requested.
- B. That all responses to the below Interrogatories shall be labeled using the same  
 numbers as used herein.
- C. That if the requested information is found in other places or in other exhibits,  
 reference not be made to those, but, instead, that the information be reproduced and  
 placed in the responses to these Interrogatories in the appropriate sequence.

- D. That any inquiries or communication relating to questions concerning clarifications of the data requested below be directed to the undersigned.
- E. That, in addition to the signature and verification at the close of each response, the individual responsible for the information contained in each answer be also identified.
- F. That each Interrogatory be reproduced at the beginning of the response thereto.
- G. If the response to any Interrogatory is that the information requested is not currently available, state when the information requested will become available.
- H. These Interrogatories shall be deemed continuing so as to require you to supplement or amend your responses as any additional information becomes available up to and through the date of the hearing.
- I. If a privilege not to answer is claimed, identify each matter as to which the privilege is claimed, the nature of the privilege, and the legal and factual basis for each such claim.
- J. If a refusal to answer an Interrogatory is stated on the grounds that same would be unduly burdensome, identify the number and nature of documents needed to be searched, the location of the documents, and the number of man hours and costs required to conduct the search.
- K. Answer each Interrogatory on the basis of your entire knowledge, including information in the possession of DIUC, its officers, directors, members, employees, consultants, representatives, attorneys, subsidiaries, and subcontractors.
- L. If any Interrogatory cannot be answered in full, answer to the extent possible and specify reasons for inability to answer.

### **DEFINITIONS**

1. AS USED HEREIN, "APPLICANT" SHALL MEAN DAUFUSKIE ISLAND UTILITY COMPANY, INC. ("DIUC"), WITH ITS MANAGERS, EMPLOYEES, AGENTS, CONSULTANTS, EXPERTS, PARENTS, SUBSIDIARIES, AFFILIATES, AND PARTNER COMPANIES AND OTHER OPERATIONAL OR FUNCTIONAL UNITS AND ALL OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND

REPRESENTATIVES OF THESE ENTITIES. IT ALSO INCLUDES ALL OTHER PERSONS ACTING ON BEHALF OF APPLICANT.

2. AS USED HEREIN, HAIG POINT CLUB AND COMMUNITY ASSOCIATION, INC. ("HPCCA") SHALL MEAN HPCCA, WITH ITS EMPLOYEES, AGENTS, CONSULTANTS, EXPERTS, PARENTS, SUBSIDIARIES, AFFILIATES, AND PARTNER COMPANIES AND OTHER OPERATIONAL OR FUNCTIONAL UNITS AND ALL OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND REPRESENTATIVES OF THESE ENTITIES. IT ALSO INCLUDES ALL OTHER PERSONS ACTING ON BEHALF OF HPCCA.
3. AS USED HEREIN, MELROSE PROPERTY OWNER'S ASSOCIATION, INC. ("MPOA") SHALL MEAN MPOA, WITH ITS EMPLOYEES, AGENTS, CONSULTANTS, EXPERTS, PARENTS, SUBSIDIARIES, AFFILIATES, AND PARTNER COMPANIES AND OTHER OPERATIONAL OR FUNCTIONAL UNITS AND ALL OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND REPRESENTATIVES OF THESE ENTITIES. IT ALSO INCLUDES ALL OTHER PERSONS ACTING ON BEHALF OF MPOA.
4. AS USED HEREIN, BLOODY POINT PROPERTY OWNER'S ASSOCIATION, INC. ("BPPOA") SHALL MEAN BPPOA, WITH ITS EMPLOYEES, AGENTS, CONSULTANTS, EXPERTS, PARENTS, SUBSIDIARIES, AFFILIATES, AND PARTNER COMPANIES AND OTHER OPERATIONAL OR FUNCTIONAL UNITS AND ALL OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND REPRESENTATIVES OF THESE ENTITIES. IT ALSO INCLUDES ALL OTHER PERSONS ACTING ON BEHALF OF BPPOA.
5. PLEASE CONSTRUE "AND" AS WELL AS "OR" EITHER DISJUNCTIVELY OR CONJUNCTIVELY AS NECESSARY TO BRING WITHIN THE SCOPE OF THESE

INTERROGATORIES ANY INFORMATION WHICH MIGHT OTHERWISE BE CONSTRUED OUTSIDE THEIR SCOPE.

6. THE TERMS "DOCUMENT" AND "DOCUMENTATION" ARE USED IN THEIR BROADEST SENSE AND INCLUDE GRAPHIC MATTER OF ANY KIND OR NATURE, WHETHER WRITTEN, PRINTED, TYPED, RECORDED, FILMED, PUNCHED, TRANSCRIBED, TAPED, OR PRODUCED OR REPRODUCED BY ANY MEANS. THE TERMS "DOCUMENT" AND "DOCUMENTATION" INCLUDE, BUT ARE NOT LIMITED TO, RECORDS, EMAILS, PERSONAL NOTES, CABLEGRAMS, TELEXES, STUDIES, CALENDARS, DIARIES, DESK CALENDARS, APPOINTMENT BOOKS, AGENDAS, MINUTES, PAMPHLETS, ENVELOPES, TELEPHONE MESSAGES, GRAPHS, RECORDS OF MEETINGS, SUMMARIES OR RECORDS OF TELEPHONE CONVERSATIONS, SUMMARIES OR RECORDS OF MEETINGS OR CONFERENCES, TABULATIONS, ANALYSES, EVALUATIONS, PROJECTIONS, WORK PAPERS, STATEMENTS, SUMMARIES, JOURNALS, BILLING RECORDS, AND INVOICES. THE TERMS "DOCUMENT" AND "DOCUMENTATION" ALSO INCLUDE EVERY OTHER MEANS BY WHICH INFORMATION IS RECORDED OR TRANSMITTED, INCLUDING, BUT NOT LIMITED TO, PHOTOGRAPHS, VIDEOTAPES, TAPE RECORDINGS, MICROFILMS, PUNCH CARDS, COMPUTER PROGRAMS, PRINTOUTS, ALL RECORDINGS MADE THROUGH DATA PROCESSING TECHNIQUES, AND THE WRITTEN INFORMATION NECESSARY TO UNDERSTAND AND USE SUCH MATERIALS. THE TERMS "DOCUMENT" AND "DOCUMENTATION" ARE FURTHER DEFINED TO MEAN THE ORIGINAL, ANY DRAFTS, AND ANY NON-IDENTICAL COPIES (I.E., THOSE BEARING NOTATIONS OR MARKS NOT FOUND ON THE ORIGINAL).

7. THE TERM “ELECTRONICALLY STORED INFORMATION” (“ESI”) IS USED IN ITS BROADEST SENSE AND INCLUDES ANY AND ALL EMAIL AND ATTACHMENTS, WORD PROCESSING DOCUMENTS, SPREADSHEETS, GRAPHICS, AND PRESENTATION DOCUMENTS, IMAGES, TEXT FILES, HARD DRIVES, DATABASES, INSTANT MESSAGES, TRANSACTION LOGS, AUDIO AND VIDEO FILES, VOICEMAIL, INTERNET DATA, COMPUTER LOGS, TEXT MESSAGES, BACK-UP MATERIALS, NATIVE FILES, WRITINGS, DRAWINGS, GRAPHS, CHARTS, PHOTOGRAPHS, SOUND RECORDINGS, IMAGES, AND OTHER DATA OR DATA COMPILATIONS WHICH ARE STORED IN ANY MEDIUM FROM WHICH INFORMATION CAN BE OBTAINED EITHER DIRECTLY OR, IF NECESSARY, AFTER TRANSLATION BY THE RESPONDING PARTY INTO A REASONABLY USABLE FORM. THE TERM “ELECTRONICALLY STORED INFORMATION” ALSO MEANS ANY “DOCUMENTS”, PRODUCED IN THEIR NATIVE FORM WITH METADATA INTACT AND SHALL INCLUDE BOTH “DOCUMENTS” THAT ARE LIVE ON A COMPUTER OR SERVER AND THOSE THAT ARE IN STORAGE OR STORED EITHER VIA A REMOTE SYSTEM, BACK-UP SYSTEM, HARD DRIVE OR TAPE OF ANY KIND.
- a. THE TERM “METADATA” IS USED IN THESE INTERROGATORIES TO INCLUDE INFORMATION EMBEDDED IN A “NATIVE FILE” THAT IS NOT ORDINARILY VIEWABLE OR PRINTABLE FROM THE APPLICATION THAT GENERATED, EDITED, OR MODIFIED SUCH NATIVE FILE; AND INFORMATION GENERATED AUTOMATICALLY BY THE OPERATION OF A COMPUTER OR OTHER INFORMATION TECHNOLOGY SYSTEM WHEN A NATIVE FILE IS CREATED, MODIFIED, TRANSMITTED, DELETED OR OTHERWISE MANIPULATED BY A USER OF SUCH SYSTEM.

- b. THE TERM "NATIVE FILE(S)" MEANS "ELECTRONICALLY STORED INFORMATION" IN THE ELECTRONIC FORMAT OF THE APPLICATION IN WHICH SUCH "ELECTRONICALLY STORED INFORMATION" IS NORMALLY CREATED, VIEWED AND/OR MODIFIED.
  - c. "STATIC IMAGE(S)" MEANS A REPRESENTATION OF ELECTRONICALLY STORED INFORMATION PRODUCED BY CONVERTING A NATIVE FILE INTO A STANDARD IMAGE FORMAT CAPABLE OF BEING VIEWED AND PRINTED ON STANDARD COMPUTER SYSTEMS. IN THE ABSENCE OF AGREEMENT OF THE PARTIES OR ORDER OF COURT, A STATIC IMAGE SHOULD BE PROVIDED IN EITHER TAGGED IMAGE FILE FORMAT (TIFF, OR .TIF FILES) OR PORTABLE DOCUMENT FORMAT (PDF). IF LOAD FILES WERE CREATED IN THE PROCESS OF CONVERTING NATIVE FILES TO STATIC IMAGES, OR IF LOAD FILES MAY BE CREATED WITHOUT UNDUE BURDEN OR COST, LOAD FILES SHOULD BE PRODUCED TOGETHER WITH STATIC IMAGES."
8. "IDENTIFY" OR "IDENTITY" USED WITH REFERENCE TO AN INDIVIDUAL MEANS TO STATE HIS OR HER FULL NAME, PRESENT OR LAST KNOWN ADDRESS, PRESENT OR LAST KNOWN POSITION AND BUSINESS AFFILIATION, AND EMPLOYER, TITLE, AND POSITION AT THE TIME IN QUESTION. IF THE PERSON WAS AN OFFICER, DIRECTOR, TRUSTEE, COMMISSIONER, OR EMPLOYEE OF DIUC, ALSO STATE THE JOB TITLE AND AREAS OF RESPONSIBILITY.
9. "IDENTIFY" OR "IDENTITY" USED WITH REFERENCE TO A WRITING MEANS TO STATE THE DATE, AUTHOR, TYPE OF DOCUMENT (E.G. LETTER, MEMORANDUM, TELEGRAM, CHART, NOTE APPLICATION, ETC.) OR OTHER

MEANS OF IDENTIFICATION, AND ITS PRESENT LOCATION OR CUSTODIAN. IF ANY SUCH DOCUMENT IS NO LONGER IN DIUC'S POSSESSION OR SUBJECT TO THEIR CONTROL, STATE WHAT DISPOSITION WAS MADE OF IT.

10. "YOU" AND "YOURS" INCLUDE DAUFUSKIE ISLAND UTILITY COMPANY, INC., AS DEFINED HEREIN, AND ANY OF ITS MEMBERS, INDIVIDUALLY, WHO HAVE KNOWLEDGE OR CONTROL OF INFORMATION REQUESTED IN THE REQUEST FOR PRODUCTION.
11. "COMPANY" SHALL MEAN DAUFUSKIE ISLAND UTILITY COMPANY, INC.

### **INTERROGATORIES**

1. Please provide the calculations used in W-C.3 and S-C.3, including providing the calculations and bases for the current equivalent residential customers (ERCs) and the system build-out ERC.
2. Please provide the amount of depreciation expense claimed on each DIUC federal income tax return since the inception of DIUC.
3. Please provide the test year amount of any Deferred Income Taxes (DIT).
4. Please provide a list of water and/or sewer utilities with which Guastella and Associates has an O&M contract.
5. Please identify the purchase price paid for HPUC by CK Materials, LLC, along with the purchaser's and seller's closing statements for the transaction.
6. Please identify all documents that Guastella Associates used during the "development of adequate records" following the purchase of HPUC from IP and following the purchase of the Melrose Utility system.

7. Please provide the annual balances for the following accounts, from 2007 and through the test year:
- a. Common Stock Issued
  - b. Premium on Capital Stock
  - c. Other Paid-In Capital
  - d. Unappropriated Retained Earnings
8. Please identify all payments made to Guastella Associates since the inception of its contractual relationship with DIUC, including but not limited to Management Fees, Finance Fees, Capital Fees, Incentive Fees, rate case fees and valuation fees, by year, including but not limited to the test year, and identify whether the fees were expensed or capitalized.
9. Please identify the use of all of the debt proceeds, for the loan(s) obtained in 2013, listing each expenditure separately with a description and justification for each such expenditure.
10. With respect to the DIUC response to ORSs First Continuing Information Request, item 1.56:
- a. Please reconcile the total plant asset values with the plant asset values shown on the balance sheets for the Water and Sewer Systems in Guastella Associates Schedule A1;
  - b. For all items labeled as “retirements”, please provide a description of what was retired and its original installation date?
  - c. For all items with install dates of 2013 or 2014, please provide a complete description of the items in addition to descriptions such as “T&D Equipment.”



d. Provide a more complete description of each “retirement” item.

11. With respect to the following items, please identify what was replaced or retired:

a. Replacement Pump Equipment	\$11,222.71	2013
b. Liner Replacement	\$415,684.04	2014
c. Aeration Motors – Lagoon	\$7296.63	2014
d. Aeration Motors – Lagoon	\$8172.22	2014
e. Aeration Motors – Lagoon	\$624.00	2014
f. Aeration Motors – Lagoon	\$15,739.51	2014

12. Please explain why some items are shown under “installed”, but not under “in service”.

Please address each such item.

13. Explain why the following items were capitalized:

a. Tank Site	\$3700.00	2013
b. Tank Site	\$7151.77	2014
c. Repaint Storage	\$6000.00	2014
d. Repaint Storage/well site	\$37,945.74	2014

14. Please explain the basis of Service Lives shown on the schedule. If they are from a guideline or publication, please provide such document.

15. Please identify all costs in rate base related to payments made to a) “Terry R. Lee Contracting Company, Inc.” and b) Guastella Associates and affiliates.

16. Please identify all costs in the revenue requirement expenses related to payments made to
- a) “Terry R. Lee Contracting Company, Inc.” and b) Guastella Associates and affiliates.

**ADAMS AND REESE, LLP**

s/John J. Pringle, Jr.

John J. Pringle, Jr.

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Attorneys for Haig Point Club and  
Community Association, Inc., Melrose  
Property Owner’s Association, Inc. and  
Bloody Point Property Owner’s Association

Columbia, South Carolina  
August 31, 2015

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
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**DOCKET NO. 2014-346-WS**

RE:

Application of Daufuskie Island Utility  
Company, Inc. for Approval for Water  
and Sewer Rates, Terms and Conditions

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**CERTIFICATE OF SERVICE**

This is to certify that I have caused to be served this day the **First Interrogatories** of Haig Point Club and Community Association, Inc. (“HPCCA”), Melrose Property Owner’s Association, Inc. (“MPOA”), and Bloody Point Property Owner’s Association (“BPPOA”) via electronic mail service as follows:

G. Trenholm Walker, Esquire  
[gtw@p-tw.com](mailto:gtw@p-tw.com)

Thomas P. Gressette, Esquire  
[tpg@p-tw.com](mailto:tpg@p-tw.com)

Nancy Jane Dennis  
[njd@p-tw.com](mailto:njd@p-tw.com)

s/John J. Pringle, Jr.  
John J. Pringle, Jr.

August 31, 2015  
Columbia, South Carolina